3/17/87 C6240-1

Business and commercial Aviation

THE WEEKLY OF BUSINESS AVIATION®

Vol. 44 No. 11 March 16, 1987 Page 81

INSIDE

Drug Testing Bill Approved.....Page 82
GA Fees To Increase At DCA, IAD.....Page 83
February Shipments And Billings.....Page 85
Business Aviation Briefs.....Page 86
Marketplace.....Page 88

DAVE COLLOGAN/EDITOR
KATHRYN BLEDSOE/ASSISTANT EDITOR
1156 15th STREET, N.W./WASHINGTON, D.C. 20005
PHONE: (202) 822-4600/TELEX: 89-2447

GATES ANNOUNCES NEW AGREEMENT TO SELL LEARJET STOCK TO COBEY

Gates Corporation last week announced another agreement to sell its majority interest in Gates Learjet Corp. for $6.50 per share, or $50.9 million, to a partnership to be formed by Cobey Corp. of Boston and a subsidiary of the Bear Stearns Companies Inc., an investment banking firm. Gates had announced an agreement last year to sell its 64.8 percent holding in Learjet to Cobey for $62.7 million, composed of $7 per share in cash and $1 in eight percent preferred stock for each Learjet share. That agreement terminated when the deal could not be closed by yearend (BA, Jan. 5/1). Cobey is described as an investment firm of which banker Adrienne A. Feldman is chairman and Matthew C. Weisman is president. Weisman was the founder and former chairman of Executive Air Fleet Corp. He sold his interest in EAF to PHH Group Inc. in 1982.

The latest agreement is subject to a number of considerations including: receipt by the partnership of financing; the negotiation and execution of a merger agreement between Learjet and the Cobey-Bear Stearns partnership, pursuant to which all of the remaining Learjet common stock, would be purchased for $6.50 in cash; and, approval by the Learjet board of directors of that merger agreement. In addition, Gates said its obligation to sell its Learjet shares "is conditioned upon the partnership purchasing from a Gates subsidiary a $23 million promissory note of Learjet." A Gates spokesman said the company expects the agreement to be completed within 30-45 days.

Other Suitors Also Bidding For Learjet

Announcement of the latest agreement with Cobey/Bear Stearns triggered separate statements from two other groups—AVAQ International, whose principals include Federal Express founder Arthur Bass and Paul S. Dopp, a former owner of Butler Aviation; and, InterConnect Inc., which said they were attempting to acquire the Gates interest in Learjet. A spokesman for Gates told BA Friday "the only agreement we have" is the one with Cobey/Bear Stearns, adding that reports of an agreement between Gates and any other party are "totally unfounded." AVAQ representatives issued a statement last Tuesday that the firm had "a binding agreement" with Gates that gave AVAQ "the exclusive right" to purchase Gates' seven million shares of Learjet through March 13, adding that AVAQ planned to "take whatever action is necessary" to protect its interests. AVAQ officials were said to be in meetings Friday and not available for comment.

InterConnect, a Connecticut firm, said it had made an offer to the Learjet board of directors to buy all 12.1 million shares outstanding for $7.07 per share, adding that it intended to purchase the $23 million promissory note for $13 million should the InterConnect bid be successful. In a statement issued Friday, InterConnect "repeated its demand that all 'seriously interested parties' for Gates Learjet Corp. be given an opportunity to present their proposals to the board of directors of Gates Learjet Corp."

There have been reports that Gates was considering a separate sale of Combs Gates, Inc., the chain of fixed-base operations that operate as a subsidiary of Gates Learjet Corp. The Gates spokesman Friday said that was not the case, adding that Gates was selling all its Learjet stock to Cobey/Bear Stearns, which would give that partnership control of the entire company including aircraft manufacturing operations in Wichita and Tucson, the Combs-Gates FBO chain and Gates Learjet Aircraft Services Corp. which maintains the fleet of C-21A Learjets sold to the U.S. Air Force.

NOW ONLINE WORLDWIDE

PUBLISHED BY THE BUSINESS PUBLICATIONS DIVISION OF MURDOCH MAGAZINES, A DIVISION OF NEWS AMERICA PUBLISHING, INC. COPYRIGHT © 1987 NEWS AMERICA PUBLISHING, INC. ALL RIGHTS RESERVED. REPRODUCTION IS STRICTLY PROHIBITED. SUBSCRIPTIONS: ONE YEAR $260 SIX MONTHS $165

TRUST FUND BALANCE TOPS $9 BILLION -- Balance in the Aviation Trust Fund topped $9 billion for the first time at the end of December, according to the latest figures from the Treasury Department (see chart on the back of this page). In the first quarter of fiscal 1987, Treasury collected $732.1 million in user taxes and more than $419 million in interest on investments during the quarter swelled net receipts to $1.1 billion. Expenditures totaled $726.6 million during the period.

Both Rep. Norman Mineta (D-Calif.), chairman of the House aviation subcommittee, and Rep. Dan Glickman (D-Kan.) have introduced bills to suspend user taxes to cut the Trust Fund's surplus. Mineta's bill, H.R.8, calls for the reduction of unfunded authorizations if they exceed the fund's uncommitted surplus and its estimated revenues (BA, Jan. 12/12). Glickman's bill, H.R.1293, would suspend the collection of excise taxes whenever the balance exceeds $1 billion (BA, March 9/76). He said the General Accounting Office has predicted the Trust Fund's balance will be close to $12 billion by 1991.

NBAA TO CONSIDER CHANGES IN DUES STRUCTURE, MEMBERSHIP CRITERIA -- Board of directors of the National Business Aircraft Association is scheduled to consider proposals to modify the association's dues structure and redefine the criteria for membership at a meeting early next month. NBAA President Jonathan Howe said last week the proposed changes are designed to accomplish several goals, including making NBAA's membership figures more representative of the actual number of companies involved and also to offset some attrition in membership.

Howe said a review of the dues structure was one of the tasks the board assigned to him when he was hired last year (BA, May 19/153). He said NBAA's dues structure has not changed since 1969 and is based on a minimum fee, plus an additional amount depending on the size and number of aircraft in an operator's fleet. As a practical matter, Howe said, most large companies hit a $1,000 dues cap and do not pay more than that regardless of how large their flight department may be. While an overall dues increase is possible, Howe indicated the board will focus on raising or removing the $1,000 ceiling on membership costs, adding that there appears to be a significant amount of sentiment for such action. Howe acknowledged that NBAA membership has declined slightly due to economic conditions in certain industries, particularly in the oil and other energy related businesses. In addition, the number of professional flight departments has declined because of mergers and consolidations of companies that both previously had flight departments. Another factor is the trend for individual companies to shut down their own flight departments in favor of time-sharing arrangements with aircraft management firms.

He also said NBAA is considering a change in structure so that subsidiaries of large firms would be listed as individual members of the association rather than the current system under which individual operating companies are included in NBAA under a single corporate membership. "One thing we're looking at is whether we should count subsidiaries" as individual members, Howe said, adding that he believes NBAA may be "underrepresenting our true constituency" under the current system.

DUTCH LEASING COMPANY ORDERS 10 CARAVAN IIs, OPTIONS SIX -- Cessna Aircraft has received an order for 10 Caravan II aircraft from Aviation Lease Holland B.V., a Dutch leasing company. Order includes an option for six additional aircraft. Contract is the largest twin-engine turboprop fleet sale ever for Cessna. Martin Duijvestijn, managing director of Aviation Lease said aircraft will be leased to operators in any European country. Fleet will be maintained by Aviation Technics at Teuge Airport in Holland. Delivery will begin this month and will continue at a rate of one per month.

USC TO SPONSOR DRUG ABUSE FORUM -- Institute of Safety and Systems Management at the University of Southern California will sponsor a two-day forum on the impact of drugs in the workplace April 28-29. Meeting will focus on providing "real answers to hard questions" concerning employe substance abuse programs and the legal ramifications of those programs. Advisors will include Stephen Goodman, a doctor with the Federal Aviation Administration and Clifton Moore, general manager of the Los Angeles Department of Airports. Meeting will be co-sponsored by the Department of Airports of the City of Los Angeles and the FAA. For more information, contact the Office of Extension and In-service Programs, Institute of Safety and Systems Management, USC, 3500 S. Figueroa Street, Suite 202, Los Angeles, Calif. 90007; telephone, (213) 743-6523.

COPYRIGHT © 1987 NEWS AMERICA PUBLISHING, INC.

STATUS OF AIRPORT & AIRWAY TRUST FUND

DECEMBER 31, 1986

	CURRENT MONTH	FISCAL YEAR TO DATE
I. BALANCE - BEGINNING OF PERIOD	$ 8,793,808,680.52	$ 8,625,199,213.60
II. RECEIPTS:		
A. Excise Taxes (Transferred from General Fund):		
Any liquid fuel except gas	5,071,000.00	16,746,000.00
Tires used on aircraft	0.00	0.00
Tubes used on aircraft	0.00	0.00
Gasoline		
1. Commercial 9 cents tax	225,000.00	675,000.00
2. Non-commercial 9 cents tax	4,743,000.00	9,608,000.00
3. Non-commercial 3 cents tax	1,720,000.00	3,342,000.00
4. Transp by air,seats,berths,etc.	189,152,000.00	639,221,000.00
Use of international trav fac	4,070,000.00	24,749,000.00
Transp of property and cargo	12,743,000.00	37,798,000.00
Total Tax Receipts	217,724,000.00	732,139,000.00
B Less Reimbursement to General Fund - Refund of Taxes and Estimated Tax Credits :		
1. Civil aircraft	50.00	50.00
2. Any liquid fuel except gas	2,492,050.00	2,492,050.00
3. Gasoline -Retailer's tax	2,180.00	2,180.00
4. Gasoline -Manufac. tax	270.00	270.00
Total Reimburse For Tax Refunds	2,494,550.00	2,494,550.00
Net Tax Receipts	215,229,450.00	729,644,450.00
C. Interest on Investments	418,753,651.47	419,836,342.10
Net Receipts	633,983,101.47	1,149,480,792.10
III. EXPENDITURES :		
A. Federal Aviation Administration :		
1. Operations	132,300,000.00	132,300,000.00
2. Grants-in-aid for airports	121,544,570.14	321,351,105.30
3. Facilities & equipment	95,392,313.85	199,502,530.82
4. Research engineering & development	23,299,986.56	66,271,458.14
B. NOAA weather services	7,250,000.00	7,250,000.00
C. Interest on Refund of Taxes	20.00	20.00
Total Expenditures	379,786,890.55	726,675,114.26
IV. BALANCE - END OF PERIOD	9,048,004,891.44	9,048,004,891.44

ASSETS :		
Undisbursed Balances:		$
Airport & Airway Trust Fund	718.00	
Operations	1,245,364.66	
Grants-in-aid for Airports	524,625.02	
Facilities & Equipment	9,902,028.48	
Research Engineering & Development	22,122,155.28	
NOAA weather services	0.00	
		$ 33,794,891.44
Investments :		
U.S. TREASURY CERTIFICATES OF INDERTEDNESS:		
8-7/8% maturing JUNE 30, 1987	$ 402,388,000.00	
9-1/8% maturing JUNE 30, 1987	15,623,000.00	
9-1/4% maturing JUNE 30, 1987	71,331,000.00	
9-3/8% maturing JUNE 30, 1987	41,623,000.00	
9-1/2% maturing JUNE 30, 1987	59,514,000.00	
9-3/4% maturing JUNE 30, 1987	8,423,731,000.00	
		9,014,210,000.00
Total Assets		9,048,004,891.44
LIABILITIES:		0.00
EQUITY:		
Excess of Assets over Liabilities		$ 9,048,004,891.44
Total Liabilities and Equity		9,048,004,891.44

BUSINESS/PERSONAL AIRCRAFT INDUSTRY – FEBRUARY UNIT SHIPMENTS

		Feb. 87	Cal. Year
AEROSPATIALE GENERAL AVIATION			
• Single-Engine			
TB-9	Tampico	2	2
TB-10	Tobago	4	5
TB-21	Trinidad TC	2	7
R110		0	0
R180		0	0
R235		0	0
TOTAL		8	14
BEECH AIRCRAFT CORP.			
• Single-Engine			
BE-C23	Sundowner	•	0
BE-C24R	Sierra	•	0
BE-F33A	Bonanza	•	5
BE-F33C	Bonanza	•	0
BE-A36	Bonanza	•	1
BE-36TC	Bonanza	•	1
• Multi-Engine			
BE-58	Baron	•	0
BE-58P	Baron	•	0
BE-76	Duchess	•	0
BE-C99	Airliner	•	0
BE-C90-1	King Air	•	0
BE-F90-1	King Air	•	0
BE-200	Super King Air	•	2
BE-200C	Super King Air	•	0
BE-300	Super King Air	•	2
BE-200T	Super King Air	•	0
BE-1900C	Commuter	•	0
Beechjet 400		•	0
Diamond IA		•	0
TOTAL		•	11
BRITISH AEROSPACE			
• Multi-Engine			
BAe	Jetstream 31	2	4
HS-748		0	0
BAe 146-100		1	2
BAe 146-200		0	0
HS-125	Model A	1	2
HS-125	Model B	1	1
TOTAL		5	9
PILATUS BRITTEN-NORMAN			
• Multi-Engine			
BN-2B	Islander	0	0
BN-2T	Islander	0	6
Mark III	Trislander	0	0
TOTAL		0	6
CANADAIR			
• Multi-Engine			
CL-600	Challenger	0	0
CL-601	Challenger	2	2
TOTAL		2	2
CESSNA AIRCRAFT CO.			
• Single-Engine			
CE-152		•	0
CE-172	Skyhawk	•	0
CE-172RG	Cutlass	•	0
CE-182	Skylane	•	0
CE-182	Turbo Skylane	•	0
CE-182RG	Skylane RG	•	0
CE-182RG	Turbo Skylane RG	•	0
CE-U206	Stationair 6	•	1
CE-TU206	Turbo Stationair 6	•	0
CE-208	Caravan I	•	3
CE-210	Centurion	•	0
CE-T210	Turbo Centurion	•	0
CE-P210	Pressurized Centurion	•	0
• Multi-Engine			
CE-303	Crusader	•	0
CE-402		•	0
CE-406	Caravan II	•	0
CE-414	Chancellor	•	0
CE-421	Golden Eagle	•	0
CE-425	Conquest I	•	0
CE-441	Conquest II	•	2
CE-550	Citation I	•	0
CE-S550	Citation S/II	•	0
CE-650	Citation III	•	1
REIMS AVIATION			
• Single-Engine			
CE-F152		•	0
CE-F152	Aerobat	•	0
CE-F172	Skyhawk	•	0
TOTAL		•	7
AVIONS-MARCEL DASSAULT			
• Multi-Engine			
AD-My.10	Falcon	0	0
AD-My.20	Falcon	0	0
AD-My.200	Falcon	0	1
AD-My.50	Falcon	0	0
AD-My.900	Falcon	1	3
TOTAL		1	4
DEHAVILLAND AIRCRAFT OF CANADA			
• Multi-Engine			
DHC-5	Buffalo	0	0
DHC-6	Twin Otter	0	0
DHC-7		0	0
DHC-8		2	2
TOTAL		2	2
EMBRAER			
• Single-Engine			
EMB-210	Ipanema	1	5
EMB-711	Corisco	0	0
EMB-712	Tupi	0	0
EMB-720	Minuano	0	1
• Multi-Engine			
EMB-110	Bandeirante	1	1
EMB-120	Brasilia	1	3
EMB-121	Xingu	0	0
EMB-810D	Seneca II	4	4
EMB-820		0	0
EMB-821	Carajah	1	2
TOTAL		8	16
FAIRCHILD AIRCRAFT CORP.			
• Multi-Engine			
Merlin III-C		•	0
Fairchild 300		•	0
Merlin IV-C		•	0
Metro III		•	0
Expediter		•	0
TOTAL		•	0
GATES LEARJET			
• Multi-Engine			
LR-35A		•	0
LR-36A		•	0
LR-55		•	0
TOTAL		•	0
GULFSTREAM AEROSPACE			
• Multi-Engine			
GR-1159A	Gulfstream III	3	3
GR-1159C	Gulfstream IV	1	1
TOTAL		4	4
ISRAEL AIRCRAFT INDUSTRIES			
• Multi-Engine			
1124	Westwind 1	0	0
1124A	Westwind 2	0	0
Astra		0	0
TOTAL		0	0
LAKE AIRCRAFT			
• Single-Engine			
LA-4200EP		0	0
LA-250	Renegade	1	1
TOTAL		1	1

COPYRIGHT © 1987 NEWS AMERICA PUBLISHING, INC.

		Feb. 87	Cal. Year
MAULE AIR INC.			
• Single-Engine			
M-5-180C		1	2
M-5-200		0	0
M-5-235C	Lunar Rocket	1	1
M-6-235		0	1
MX-7-180	Super Rocket	0	2
M-7-235	Super Rocket	1	5
MX-7-235		5	5
TOTAL		8	16
Manufacturers net billing — $397,399			
MOONEY AIRCRAFT CORP.			
• Single-Engine			
M-20J	201 Lean Machine	4	6
M-20J	205	2	4
M-20K	231	0	0
M-20K	252	2	7
TOTAL		8	17
PARTENAVIA S.P.A.			
• Multi-Engine			
P68		0	0
P68C-TC		0	3
P68	Observer	0	0
P68	Observer TC	0	0
Spartacus		0	0
TOTAL		0	3

		Feb. 87	Cal. Year
PIPER AIRCRAFT CORP.			
• Single-Engine			
PA-28-161	Warrior	*	*
PA-28-181	Archer II	*	*
PA-28-236	Dakota	*	*
PA-28RT-201T	Turbo Arrow IV	*	*
PA-32-301	Saratoga	*	*
PA-32R-301	Saratoga SP	*	*
PA-32R-301T	Turbo Saratoga SP	*	*
PA-46-310P	Malibu	*	*
• Multi-Engine			
PA-31-350	Chieftain	*	*
PA-31-600	Cheyenne IA	*	*
PA-42-720	Cheyenne III	*	*
PA-42-720	Cheyenne IIIA	*	*
PA-42-1000	Cheyenne 400LS	*	*
PA-44-180	Seminole	*	*
PA-44-180T	Turbo Seminole	*	*
TOTAL		*	*
SHORT BROTHERS LTD.			
• Multi-Engine			
SBJ-CS-7	Skyvan	0	0
SD-3-30		0	0
SD-3-60		1	1
TOTAL		1	1
	SINGLE-ENGINE	26	65
	MULTI-ENGINE	22	48
	GRAND TOTAL	48	113

UNIT SHIPMENTS COMPARATIVE TREND: 19 MANUFACTURERS

	February			Calendar Year to Date		
	1987	1986	1985	1987	1986	1985
Aerospatiale	8	3	*	14	5	*
Beech	*	16	18	11	34	32
British Aerospace	5	5	1	9	7	4
Britten-Norman	0	0	0	6	0	0
Canadair	2	0	3	2	0	6
Cessna	*	32	73	7	53	140
Dassault	1	2	2	4	4	4
De Havilland	2	2	3	2	2	4
Embraer	8	7	9	16	13	23
Fairchild	*	0	2	0	1	2
Gates	0	0	2	0	0	2
Gulfstream	4	1	3	4	1	6
Israel	*	0	0	0	0	0
Lake	1	0	0	1	1	3
Maule Air	8	7	5	16	11	8
Mooney	8	9	10	17	16	18
Partenavia	0	0	*	3	0	*
Piper	*	36	42	*	53	82
Short	1	1	*	1	1	1
TOTAL	48	121	173	113	207	336

* Figures not available.